



USDA COMMODITY PROGRAMS UPDATE

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ACDA April 2006

FDD's Commodity Priorities and Initiatives



Information Technology

Regulations/Policy

Processing

Ordering/Procurement/Deliveries

Training and Communication

Information Technology



Replace PCIMS with WEBSCM

National multi-food ordering system
(includes CSFP)

Roll out ECOS to RA level

Build ECOS enhancements

Website – continued improvements

ECOS In Review



Welcome to USDA Online Ordering

Login:

Password:

Login

Or enter as a guest and browse our [catalog](#).



USDA's Food and Nutrition Service (FNS) was established to provide:

- needy people with access to a more nutritious diet
- improve the eating habits of the nation's children
- stabilize farm prices through the distribution of surplus foods

The Food Distribution Division (FDD) at FNS Headquarters works with Regional Offices (RO) and State Distributing Agencies (SDA) to determine the commodities available to the many different food assistance programs.

FNS calculates the respective "fair share" of commodities for each SDA based on entitlement and budget data.

This site allows SDAs and Recipient Agencies (RA) to place orders for the commodities offered by FNS.

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ECOS Enhancements

- ✓ **Rapid Alert System**

- Provides quick communications for potential food safety/bio-security emergencies

- ✓ **Filter Delivery Dates for RAs**

- Facilitates building truck-lot equivalents

- ✓ **Consistent Unit of Measure**

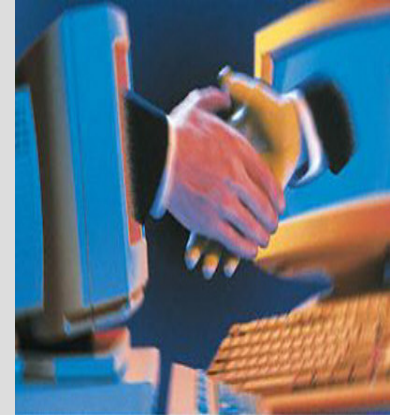
- Commodities that are shipped in cases will be ordered in cases



ECOS Enhancements

✓ **Shipment Receipt Function**

- Large RAs/States/processors receiving direct commodity shipments can receipt thru ECOS



✓ **Processor Access to Commodity Delivery Order Information**

- Processors have access to real-time information about their commodity shipments
- Processors can review partial load demands by States on Split-Shipment Bulletin Board and help build truck-lot shipments

ECOS Enhancements

Recipient Agency entitlement management!



State Agencies can now monitor recipient agency entitlement usage and prevent negative spending!

Coming To ECOS...

- ✓ Multi-Food Ordering
- ✓ Refinements to Complaint Module
- ✓ Online bulk commodity to finished end-product calculator





Commodity Food Network (CFN)

www.commodityfoods.usda.gov





United States Department of Agriculture Commodity Food Network



1st time visitors about CFN programs resources news links contacts search AMS FNS FSA

Quick Search

<----- Select and Go -----> Find It

In the Spotlight

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USDA Agencies

- ▶ [Agricultural Marketing Service \(AMS\)](#)
- ▶ [Farm Service Agency \(FSA\)/Commodity Operations](#)
- ▶ [Food & Nutrition Service \(FNS\)/Food Distribution](#)
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Welcome to CFN

The USDA Commodity Food Network (CFN) is the first ever one-stop Federal website that provides direct access to all services and resources available for the USDA Commodity Food Distribution Programs.

February 28, 2006

In the News



Programs

- [Food Distribution Programs Home Page](#)
- [Commodity Supplemental Food Program \(CSFP\)](#)
- [DoD Fresh Fruit and Vegetable Program](#)
- [FD Program on Indian Reservations \(FDPIR\)](#)
- [Nutrition Services Incentive Program \(NSIP\)](#)

Featured Topics

- ▶ [Acronyms](#)
- ▶ [Applicant Eligibility](#)
- ▶ [Business/Industry](#)
- ▶ [CFN Website Feedback](#)
- ▶ [Commercial Item Descriptions](#)
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CFN Website Feedback

CFN Comments or Suggests - Message

Attach as Adobe PDF

File Edit View Insert Format Tools Table Window Help

Type a question for help

Normal + Arial, Arial 10 B I U

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ab| Draw AutoShapes

Send Options... Rich Text

To... CFNWebmaster

Cc...

Subject: CFN Comments or Suggests

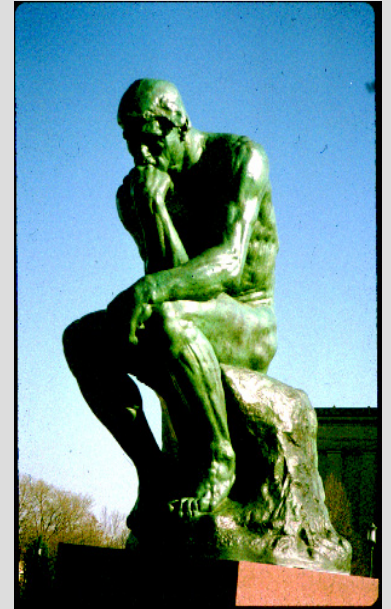
1 2 3 4 5 6 7 8 9 10

Let Us Know
What You Like
and
Don't Like

Update of 7 CFR Part 250

Publishing 3 separate proposed rules covering different areas of commodity program management:

- Food service management companies
- Commodity processing
- Delivery, distribution, inventory, claims, and other issues



The rule proposal process will afford States, local agencies, & others time to comment —

We welcome your comments!

Processing

National Processing Agreements

Continue to:

- ✓ **standardize**
- ✓ **centralize**
- ✓ **automate processing**

National Processing

School Food Industry

Roundtable Recommendations

October 2005

- **Concern about non-participating States**
- **Confusion about EPDS price elimination**
- **State Participation Agreements**
- **Facilitate Communication**
- **Accountability of National Processing**

National Processing

IRT Recommendations, continued

- **Bonus Purchase Notification**
- **Split Shipments**
- **Multiple Entity codes**
- **Future of National Processing**

Training and Info Sharing

Conducted two FD-101 sessions fall 2005

Presented at several State SNA meetings

Presented at four Regional Office/SDA meetings

TEFAP, CSFP, poultry/L&S industry conference

Focus groups – LAC and ANC

Commodity track at SNA Los Angeles July 06

Commodity Ordering Direction

Centralize household commodity ordering

Combine school/household ordering
function

Promote request driven ordering

Work with DoD to implement its web-based
produce ordering system

Improving Commodities

To help meet the whole grain recommendation from the 2005 *DGA* we are researching new product options

	Currently Offer	Testing In FY 07	Exploring
Quick Cook Brown Rice		✓	
Noodles & Pasta — Macaroni — Spaghetti — Instant Rice — Rotini (spirals)		✓ ✓ ✓	✓
Whole Wheat Flour	✓		
Oats	✓		



Fact Sheets & Guidance

✓ Updating commodity fact sheets—a long term project:

- Surveyed States and schools for feedback
- Adding commodity codes to current fact sheets as an **interim measure**

✓ Addressing trans fats and allergens:

- Developing guidance on Federal trans fat and allergen label requirements
- Requiring USDA commodity labels to address trans fats and allergens in accordance with FDA regulations



Bonus Commodities

Products Offered to schools in 2006:

- **Cherries, Frozen**
- **Sweet Potatoes**
- **Crushed Pineapple, Canned**
- **Dry Beans**



Bonus Commodities

Bonus Purchases for TEFAP in 2006

- Canned sweet potatoes
- Grape juice
- Dried cherries
- Fig pieces
- Dry beans





DoD Fresh Program

- 46 States, DC, VI, PR, & Guam are scheduled to set aside entitlement funds in SY 06-07
- About 25 States utilize Section 4 & 11 funds on DoD Fresh
- Beginning SY 06-07 deliveries will be delayed until Sept 06 as FNS switches to fiscal year allocation system
 - Produce may be ordered in July and August, but not delivered before Sept 1st.



DoD Fresh Program

- DoD Fresh Program is an OPTION that States may OFFER to schools (not required to offer)
- The Program is intended to provide SOME/MORE fresh produce for schools
- Section 4&11 funds MAY BE USED to buy more DoD produce in addition to the above entitlement purchases



DoD Changes

- DoD moving to Long-Term Contracts effective October 2006
- Purchasing from local small businesses whenever possible
- Schools will have 24/7 access to “**TAP-IT**” (web-based ordering system)
- Some DoD staff will remain in field to handle customer support & complaint issues

Commodity Outlook

Fruit Outlook SY 06/07

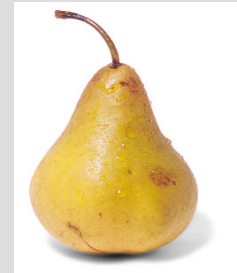
- Ample supplies of fresh, canned and frozen **apples**—although acreage is reduced, production is still higher than demand
- **Apricot** prices significantly higher in past 2 years
- **Cranberries** production highs are resulting in surplus inventory into the 2006/2007 crop year



Commodity Outlook

Fruit Outlook SY 06/07

- Canned clingstone **peaches** still in oversupply
- Canned **pear** use expected to continue to decline while fresh utilization will increase
- Hawaiian canned **pineapple** inventory typically more than markets can absorb
- **Raisin** inventories have moderated while demand has increased creating a firmer market



Commodity Outlook

Fruit Outlook SY 06/07

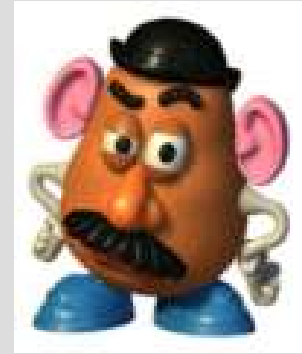
- **Grapefruit** and fresh **orange** supply reduced by disease damage, hurricanes
- **Orange juice** inventory down, Brazil's crop down, thus price on world market is up



Commodity Outlook

Vegetable Outlook SY 06/07

- **Potato** prices up due to low inventory in storage, and reduced production in Canada
- **Sweet potato** products (fresh, canned and frozen) in adequate supply but should tighten by fall
- Greater production of **tomatoes** for processing next season should put downward pressure on tomato markets

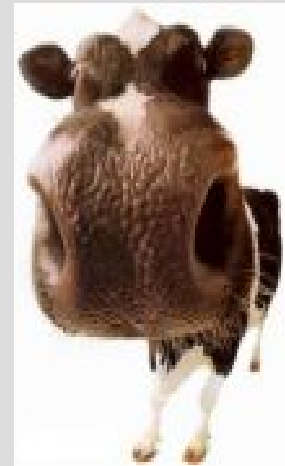


Commodity Outlook

Beef Outlook SY 06/07

Prices will begin to decline slightly from current high levels because:

- Cattle slaughter is beginning to increase from low levels of 2004-2005
- U.S. border reopened to imports of Canadian cattle 30 months of age or younger
- Average slaughter weights are at record levels, leading to higher beef production
- Reopening of export market to Japan is stalled



Commodity Outlook

Pork Outlook SY 06/07

Pork prices expected to be lower next year because:

- Production of pork and competing proteins (beef, chicken, turkey) is increasing
- Average slaughter weights are record high
- Live hog imports from Canada (mostly feeder pigs) are increasing to record levels
- But, continued strong export markets for pork will compete with domestic demand



Commodity Outlook

Pork products for schools

Exploring for SY 06/07:

- Sliced Ham
- Diced Ham



Commodity Outlook

Group A – Poultry For Schools

Bulk chicken for processing increased 5% from last year

Breaded Chicken and
Chicken Fajita Strips
remain very popular items



Commodity Outlook

Group A – Poultry Forecast SY 06/07

- Broiler production to reach a record 36.2 billion lbs. (up 2% over 2005)
- Expect lower price per pound due to increased production as well as lower beef and pork prices
- Export market is highly sensitive to outbreaks of Avian flu in Asia & Europe

Commodity Outlook

Group A – Poultry Forecast SY 06/07

- Turkey prices expected to stay firm due to limited production since 2002-2003
- USDA purchases may again be negatively impacted as when delays due to high prices last fall resulted in the cancellation of an estimated \$3.9 million worth of turkey orders

Commodity Outlook

Group A – Poultry Forecast SY 06/07

- Table egg production up 2% to 6.5 million dozen
- Wholesale egg prices per dozen to increase due to limited production increase and strong export market
- Impact: more fowl meat available

Commodity Outlook

New Group B Offerings SY 06/07

Grains:

- Exploring whole grain spaghetti, macaroni, and quick cook rice

Cheese:

- Test purchase of Queso Blanco cheese (Puerto Rico schools only)

Cheese Price Information:

U.S. milk production levels have been robust, leading to cheese prices trending lower and less volatile than last year



Questions?